

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6942**

**BILL NUMBER:** HB 1315

**NOTE PREPARED:** Jan 18, 2004

**BILL AMENDED:**

**SUBJECT:** Property tax replacement for public assistance levies.

**FIRST AUTHOR:** Rep. Buck

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for a 100% Property Tax Replacement Credit for the amount by which certain public assistance levies increased after 2005.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The table below identifies the public assistance levies, along with their actual CY 2002 Gross Levy, which will be eligible for the 100% Property Tax Replacement Credit on the incremental increase in these levies after 2005. The state currently pays 20% PTRC on these levies and future increases in these levies.

	<b>CY 2002 Gross Levy</b>
County Medical Assistance to Wards Fund (Includes Child Psych in 2002)	\$10,607,038
County Hospital Care for the Indigent Fund	49,633,147
Family and Children's Fund	227,917,692
Children's Psychiatric Residential Treatment Services Fund (Starts in CY 2004)	
Community Mental Health Centers	11,791,135
Community Mental Retardation and Other Developmental Disabilities Centers	23,406,284
Township Assistance	32,096,489
Children with Special Health Care Need County Fund	6,427,926
<b>Total Levy</b>	<b>\$361,879,711</b>

The state's expense for property tax replacement credits (PTRC) will increase under this bill. PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any additional PTRC expenditures would ultimately come from the General Fund.

Assuming a levy growth of about 4.7% annually, the increase in PTR credits would be about \$15.6 M for CY 2006 and \$32 M for CY 2007. The credits would grow by about \$15.6 M annually.

P.L. 291-2001 and P. L. 192-2002(ss) changed the payment schedule for the distribution of Property Tax Replacement Credits. Before CY 2002, 50% of the calendar year distribution was made in the first six months of the calendar year and the remaining 50% was made in the second six months of the calendar year. For CY 2002 and years after, 33.4% of the calendar year distribution is made in the first six months of the calendar year and the remaining 66.6% is made in the second six months of the calendar year.

The net state impact for FY 2006 equals \$5.2 M (5/12th of \$15.6 M).

The net state impact for FY 2007 equals \$21.1 M (7/12th of \$15.6 M + 5/12th of \$32 M).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** County Auditors.

**Information Sources:** Local Government Data Base.

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